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"Export" Requirements for Economic Growth of the Pacific Northwest*

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Bureau of Business and Economic Research

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Future output of the economy of the entire United States can be forecast on the basis of growth in the labor force and in productivity of labor. Recent estimates published in the *Timber Resources Review*[1] suggest that, for the next twenty-five years, the rate of growth in gross national product will be about 2.8 per cent per year, resulting in a 100 per cent increase in product in twenty-five years and in a 32 per cent increase in ten years. This rate of national growth has implications to the state of Oregon, since exports from the state to nonresidents must grow with the nation's economy if the state is to maintain the economic position it now occupies. The purpose of this paper is to examine the outlook for Oregon, and to a lesser extent of Washington, along these lines.

If Oregon maintains its present rate of use of wood materials for ten years, and if it doubles the amount of value from fabrication of the wood now going into lumber, increasing it to about the levels now prevailing for plywood and paper production, the growth in exports of wood products will suffice to keep Oregon abreast of the national economy. Such a development of the wood-products industries may be difficult to achieve. If it is not achieved, development of other industries, particularly of nonmaterial-oriented industries, is necessary if Oregon is to maintain its existing relative position of income and population. This finding is neither exhilerating nor gloomy. It merely says that there is still a considerable potential in wood products, and that the state had best keep its eye on the future available supply of timber.

TABLE 1. SOURCES OF OUT-OF-STATE INCOME*
(millions of dollars)

	Oregon				Washington			
	1939	1947	1954	1955	1939	1947	1954	1955
Agricultural products	$ 60	$ 174	$ 185	$ 195	$ 91	$ 321	$ 316	$ 279
Wood products	107	517	691	783	165	491	585	681
Chemicals	—	—	—	—	—	2	102	103
Primary metals	—	20	35	35	6	63	151	151
Transportation equip.	—	—	—	—	14	75	225	290
†Federal government	27	49	80	82	67	252	460	446
Tourist	35	80	115	120	40	85	125	135
Total	$229	$840	$1,106	$1,215	$383	$1,289	$1,994	$2,085

* Principal sources: U. S. Department of Agriculture, *Farm Income*; Census of Manufactures; Office of Business Economics, *Personal Income by States*; and tourist surveys of the Oregon State Highway Department and Washington State College, School of Economics and Business.

† Payrolls (less postage payments) and revenues of Bonneville Power Administration paid by utilities.

The importance of wood-products industries to the state of Oregon is well known. The importance can be measured in terms of the exports of the state—exports which are necessary to pay for the very large import requirements for consumption. Estimates discussed below indicate that, in 1955, claims on nonresidents for the state (roughly speaking exports) amounted to $1.2 billion. Of this amount $783 million or 65 per cent was derived from wood-products industries—that is, from fabrication and transportation of lumber, plywood, and paper. On this basis almost two-thirds of the exports of Oregon are due to wood products. The remainder is accounted for by agricultural products and their processing (15 per cent), tourist expenditures (10 per cent), payrolls of the Federal government (7 per cent), and nonferrous metals (3 per cent). This is not a complete list of exports, but it probably covers 95 per cent of all exports. The data are shown in Table 1.

The large growth of Oregon's economy since 1939 was based principally on wood products. In 1939 wood products accounted for about 45 per cent of Oregon's exports, as compared to 65 per cent in 1955, while agriculture accounted for about 26 per cent as compared to 15 per cent. Exports of wood products increased more than sevenfold between 1939 and 1955, and has made possible a fivefold increase in incomes of the state. Oregon has grown in production somewhat more than the nation since 1939, and considerably more in terms of population. The economic basis of this development has been mainly wood products.

In looking to the future, we naturally wish to know how far our timber resources are likely to carry the state and how far new industries must carry the load in maintaining the economic position of the state. Agriculture will probably not be an expansive factor. Numerous possibilities of extensive agricultural development in the state exist, and the development of these will be encouraged by the population growth of the West. However, these expansive factors are not likely to offset the restrictive factors—namely, the poor outlook for cereals, the decline in agricultural incomes as a share of the national product, and the fact that Oregon has higher agricultural incomes than does the nation. Federal payrolls probably will not expand rapidly. Tourist trade will expand, but probably not in a spectacular fashion, since the appeal of the Northwest is largely confined to the summer months. Thus, aside from the possibilities in wood products and new industries, the economic position of the state relative to the nation is almost surely downward.

TABLE 2. RELATION OF EXPORTS TO OUTPUT*
(values in millions of dollars)

	Oregon				Washington			
	1939	1947	1954	1955	1939	1947	1954	1955
Income from out-of-state	$229	$ 840	$1,106	$1,215	$383	$1,289	$1,994	$2,085
Income from productive activities	531	1,612	2,423	2,582	872	2,828	4,158	4,316
Per cent exports	43	52	45	47	44	46	48	48

* Income data are estimated from Tables 66-70 in "Industrial Sources of Civilian Income," *Personal Income Since 1929*, Office of Business Economics, U. S. Department of Commerce. Military payrolls are added. For a discussion of noncomparability of the data see text.

* A paper read at the Western Economic Association meeting, Salt Lake City, Aug. 30, 1957.

[1] U. S. Forest Service, *Timber Resources Review*, Sept. 1955.

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Pertinent data about timber supply are included in the preliminary *Timber Resource Review*, recently released by the U. S. Forest Service. The most interesting figures, from the present point of view, are those on realizable growth, which is defined as "the growth attainable in the long-range future if there were applied to all commercial forest land the intensity of forestry justified under the national economy assumed for the future."[2] Data are not shown separately for Oregon, but, if the rates per acre of growth given in this publication are applied to the commercial forest area of Oregon, the annual realizable growth of growing stock can be computed to be about 2.3 billion cubic feet per year. Consumption of raw material in Oregon in 1952 is estimated at 2.2 billion cubic feet; in 1955 this may have reached 2.5 billion cubic feet. In other words, the longrun potential in use of wood materials has been reached or pa[illegible]reater use of logging and mill residues might per[illegible]nnual use of wood fibers some 5 per cent greater th[illegible]present; but even this would not make up the present deficit. Temporarily, use of timber can be expanded and indeed this is desirable in order that the ripe trees of the national forests make way for new growth; but, looking ahead ten and twenty years and longer, it would seem that the cut of wood materials will not expand beyond present levels. Indeed, Oregon may have to pass through a trough, similar to that which Washington is now resting in, when old growth is largely gone, and potential new growth is not yet attained. This may prove to be a critical period for the state.

TABLE 3. COMPUTATION OF WOOD-PRODUCTS UNIT VALUES, 1954*

	Value Added by Manufacturer (millions of dollars)	*Output (millions of dollars)*	*Value Added by Manufacturer, per Unit of Output (dollars)*
Oregon:			
Sawmills	$362	$8,200	$10 per 1,000 bd. ft.
Plywood	100	2,080	48 per 1,000 sq. ft. 3/8" equiv.
Pulp and paper	65	.7	93 per ton
Washington:			
Sawmills	149	3,200	47 per 1,000 bd. ft.
Plywood	61	1,330	53 per 1,000 sq. ft. 3/8" equiv.
Pulp and paper	221	2.2	100 per ton

* Census of Manufactures, Douglas Fir Plywood Association, and West Coast Lumbermans' Association.

How much expansion in the value of wood products can be expected from increased value of processing? To gain some insight into this, we may compare the values added in manufacture of lumber, plywood, and paper. It we divide the 1954 values added by manufacture by output, we find that value added per 1,000 square feet, 3/8-inch basis, of plywood is somewhat more than the value added per 1,000 board foot of lumber. The computations are shown in Table 3. The values run on the order of $50 per unit, and are higher in Washington than in Oregon. A board foot of lumber contains about twice the amount of wood of a square foot of 3/8 inch plywood. Utilization factors for plywood are not quite as high as those for lumber, and this may mean that the computed values for plywood are somewhat high. In terms of originel raw materials, the value added per unit for plywood is about twice that of lumber. The value added per ton of pulp production turns out to be on the order of twice that of lumber per 1,000 board feet. According to calculations shown in Table 4, it appears to take more wood to make a ton of pulp than to make 1,000 board feet of lumber, but the difference does not appear to be very large. On the whole the value added per unit of material appears to be about double that of lumber for paper and pulp, as well as for plywood. Both figures are certainly rough, but they suggest a general order of magnitude. Presumably pressed board has a value component similar to pulp, since the commodities are competitive.

TABLE 4. WOOD-PRODUCTS RAW MATERIAL PER UNIT OF OUTPUT, 1952*

	Material Used (million cu. ft.)	*Output (million bd. ft. or 1,000 tons)*	*Cu. Ft. per Unit of Output*
Oregon:			
Sawlogs	1,465	9,037	
Pulpwood	113	617	160 per 1,000 bd. ft.
Washington:			180 per ton
Sawlogs	462	3,607	130 per 1,000 bd. ft.
Pulpwood	239	2,067	120 per ton

* Source: U. S. Forest Service, *Annual Cut and Timber Products Output in the Pacific Northwest in 1952.*

We can now approach our problem of estimating future value of wood production in the state. If we assume that total wood utilized for the three products—lumber, veneer, and pulp—remains at present levels, and if we assume that plywood and pulp have twice the value per unit of material of lumber, we may estimate how much potential expansion remains. Suppose every poor log goes into paper, and is supplemented by available residues. Suppose every good log goes into plywood or high-value millwork. Suppose, in other words, that ordinary lumber production sinks to zero. What would happen to the value of production of wood products under these circumstances? The 1952 survey of annual cut in Oregon and Washington suggests that use of wood for pulp and veneer was more than 20 per cent of that for lumber.[3] Production data indicate that the proportion may have risen to near a third by 1955. Suppose we double the value on two-thirds of the output. We find that the value of fabrication will be increased 50 per cent. This amounts to $358 million, just about a third of the 1955 total exports of the state of Oregon. This matches the anticipated rate of growth of the nation in the next ten years. Thus, on the basis of these rough calculations, is would appear that increased fabricating values for wood products may be sufficient to match the growth in the economy of the United States, if the wood available does not decrease, if other exports remain constant, and if the complete conversion to paper and plywood output takes place.

Perhaps these anticipations are unreasonable. In the past ten years less than a third of our wood has been converted from lumber to pulp and plywood. That all of the remaining two-thirds should be switched in the next ten years is certainly unlikely. Still it is comforting to know that developments which can be visualized are likely to do

[2] *Op. cit.*, Chap. VII, p. 2.

[3] *Annual Cut and Timber Products Output in the Pacific Northwest in 1952.* U. S. Forest Service, Forest Survey Report No. 126, Sept. 1956.

a substantial share of the job of maintaining Oregon's economic position. Moreover, there is a considerable amount of wood going into other products such as poles, piling, and fuel which may have productive possibilities.

A word should be said about self-sufficiency, since it has been assumed implicitly that the relation between total income of a state and exports will remain constant. This is by no means certain. The increased importance of large-scale methods of production, and some decreases in transportation costs relative to other prices, tend to increase the ratio of exports to income for each state. On the other hand, the increased economic importance of services which tend to be performed locally, tend to lower the ratio. Furthermore, if the Federal tax burden continues to decline as it has, relatively speaking, since 1952, that particular import item (government) will decline, and this will increase self-sufficiency. It seems hopeless to forecast the outcome of the operations of such opposing forces.

So far as the statistics here computed indicate anything, they suggest that the ratio of exports to income may have increased from 1939 to 1955. In other words, self-sufficiency seems to have lost ground. Moreover, Washington has about as large as exports relative to income as Oregon, suggesting that size itself does not increase self-sufficiency at the state level. The data are shown in Table 2.

The economic growth of Washington from 1939 to 1955 has been almost as rapid as that of Oregon, some fivefold in terms of income and of value of exports. However, the basis of expansion has been different. In Washington a very large growth factor has been in payrolls of the Federal government, which increased over $400 million from 1939 to 1955. Over half of this payroll growth came from military incomes, and much of the civilian growth is undoubtedly related to military activities. The growth in incomes generated from exports of wood products has been about $450 million. Wood products have not expanded as much as all exports, but very substantially nonetheless, in spite of a decline in quantity of lumber cut. New industries—chemicals, aircraft, and nonferrous metals—have contributed about $450 million. Roughly the expansion of Washington from 1939 to 1955 was based a third on wood, a third on new industries, and a third on payrolls of the Federal government.

This industrial history of Washington foreshadows in part what may be expected for Oregon. The actual wood cut in Washington seems to have decreased somewhat between 1939 and 1955; lumber production decreased about 20 per cent. But the growth in fabrication combined with price increases have brought about a very considerable growth in the wood-products industries in value terms. At present, the realizable growth, some 1.7 billion cubic feet per year, is about twice annual cut. Thus Washington can expect an expansion in her wood industries in the future. Meanwhile, Washington has established new industries, and, although atomic energy and aircraft are tied to military expenditure at present, there is no reason to believe that they cannot continue to expand in peace or war.

The only expansive factor of Washington's growth which is not likely to continue is Federal payrolls. Military and civilian personnel related to military activities will probably not expand as in the past, and this will certainly be a restrictive factor in Washington's growth.

In this paper the export figures have been prepared on an income basis rather than on a value-of-commodities basis. Commodity exports are troublesome because they include the values of commodities imported and re-exported, as well as values resulting from the productive activities of the region. By using input-output relations one can handle this complication, but this is not easy on a regional basis. A better procedure is to eliminate commodity values so far as possible, and to consider only the income contribution of fabricating and transporting commodities within a region. This can be accomplished fairly satisfactorily for years when Census of Manufactures data are available. The years 1939, 1947, and 1954 were chosen on the basis of this consideration. Estimates for 1955 are based mainly on payroll. The calculations were carried through much more carefully for 1954 than for other years.

Estimates for agricultural products are based on cash value of marketing by commodities. An allowance was made for the estimated internal consumption of each commodity, based on the incomes and population of the states, and on the consumption of food in the western United States as reported in a study by the Department of Agriculture in 1955.[4] Government payments were added, and values of input materials used coming from outside the region were subtracted. These material costs were computed by using 1947 national input-output coefficients.[5] Values added by manufacture in the canning and preserving and grain-products industries were included. Transportation expenses are difficult to handle. They were computed by estimating values of all rail and hired motor-freight services performed in the states from payroll data, and by splitting this among products with input-output coefficients.

Commodity values for nonagricultural products are values added by manufacture plus values of transportation expenses. Wood products cover incomes from logging, sawmills, plywood, fabricated wood products, paper and pulp, farmers' timber sales, and payments to local governments by the United States government from forest revenues. Stumpage values for Federal and private sales of timber are excluded, except as covered in payments to farmers and local governments and as covered in the Census of Manufactures. No allowance was made for home consumption of commodities other than for agriculture, since this is small and since it was probably offset by omitted items such as wood containers and millwork. No atempt was made to measure various minor exports of the region, such as industrial machinery and textiles. These amount to only a few million dollars and do not affect the general picture.

The tourist estimates are taken from surveys of the Washington State College Bureau of Economic Research and Oregon State Highway Commission. A deduction was made for imported materials purchased, notably gasoline and oil.

Federal payrolls are reported in the personal income data of the U.S. Department of Commerce.[6] Some of these

[4] U. S. Department of Agriculture, *Food Consumption of Households in the United States*, 1955.

[5] U. S. Department of Labor, *The 1947 Interindustry Relations Study*, 1953, Table II, "Direct Purchases per Million Dollars of Output," and Table III, "Direct and Indirect Requirement per Million Dollars of Final Demand."

[6] U. S. Office of Business Economics, *Personal Income by States since 1929*, 1956 (Supplement of *Survey of Current Business*).

expenditures, such as those by the Post Office Department and Bonneville Administration are incurred on an enterprise basis, and are fully covered by local revenues. It was difficult to decide how far to go in making these allowances. Because of the practical difficulties involved, only postage revenues and payments to the Bonneville Power Administration by public utilities and local governments were subtracted. Manufacturers' payments for power were not subtracted because they were not counted in export values. It was assumed that all other Federal payrolls were paid for from tax revenues and are hence properly an export item.

It may be noted that the values of exports so obtained are net in that materials are excluded. However, they are gross in that they include taxes and capital allowance values. For our purpose, this is of little consequence, since we have been discussing the break down of exports by classes and considering percentage growth. Any consistent valuation basis would be satisfactory. The main conceptual error, perhaps, is that the importance of Federal payroll expenditures are somewhat understated, since no import requirements exist for them, whereas capital imports are required for commodity exports and for tourist expenditures. It was thought better to allow this error to stand than to enter into further estimating refinements.

If we wish to compare the value of exports with the product of the region to measure the self-sufficiency of the region, we must utilize a measuring of product consistent with the export valuation. Such a measure is gross state product, comparable to gross national product. No such measure is available. If we assume that profit, tax, and depreciation rates are the same for the state as for the nation, we can take the ratio of gross national product, excluding government payrolls, to national personal income from productive activities other than government, and apply it to the state personal income. No allowance for ownership or profit rates need be made, since there is little to suggest that the net debt or creditor position of Oregon or Washington is very large. The blow-up factor derived in this fashion is 1.73, which means that value of product is 73 per cent greater than productive personal incomes. The size of this factor shows that considerable possibilities of error exist in obtaining state gross product from incomes. Applying it, however, with the traditional bravado of economic statisticians, we find that gross product of Oregon in 1955 was $4.2 billion and of Washington $6.8 billion. Government product is included. On this basis exports are 31 per cent of product in Oregon and 30 per cent for Washington. In other words, on the average, for each dollar of productive activity in the two states, about 30 cents is paid for outside the states. When it is recalled that many services such as trade, repairs, local governments, and transportation are inherently internal, this appears as a very large figure. It illustrates the high degree of specialization and interelation existing in the economy of the United States.

The value of exports as computed above tend to be on the low side. One understatement probably occurs in agricultural commodities, where it was assumed that home consumption is met first out of local consumption. This tends to underestimate exports, since many interchanges occur. Feed exports of Oregon are zero under this computation, and beef very small, whereas in truth probably a good deal is exported even though similar products are imported. From the standpoint of measuring the export position of the region, this error is probably no error at all, since the economic position of a region depends upon industries whose average cost structure is below that of other regions, even though the marginal costs may be the same. Exports of products whose marginal costs are very close to those of other regions are important to local trade and individual producers, but are not of general significance, since the region could with small sacrifice produce its own needs.

A more serious omission from the export figures may be capital transfers, including government construction expenditures and various grants in aid by the Federal government. It is quite possible, for example, that the private industrial expansion in Washington in recent years is proceeding at such a rate that the value of investment by corporations exceeds the savings and depreciation allowances accruing on business conducted inside the state. However, the amount involved is probably not large. So far as property income reported in personal incomes is concerned, the relation of this income to all incomes is about the same for Oregon and Washington as for the nation. About 12 per cent of personal income takes the form of interest, rent, and dividends. Nonfarm proprietor income is higher in Oregon and Washington than in the nation, however, particularly in Oregon, where it was 13 per cent of all incomes as compared to 9 per cent for the nation in 1955. Thus, the states may have enjoyed a small creditor position in 1955. This does not answer directly the question as to corporate earnings and capital transfers; but, since there is little to indicate that the profit rates or depreciation charges in the state differ from those of the nation, the net private capital-account entry is probably small.

Federal transfers and capital expenditures may be more important, but are very difficult to handle both conceptually and statistically. The recent interesting report by Selma Mushkin encouraged the writer to leave the area alone.[7] It was desirable to include Federal payrolls in exports, since fairly clean figures are available, since bona-fide productive activities are carried on, and since the item is so important in the state of Washington. In the case of Federal transfers payments, however, the items mainly reflect tax revenues which are taken from the states, pass through the Federal financial machinery, and are returned to the states. Thus they have little significance as a source of external purchasing power. This is particularly true in the case of unemployment insurance benefits, but also of many social benefits and of highway construction funds. Oregon and Washington may gain a little from other states, in this manner, by having larger benefits than payments, but the amount is probably small and certainly difficult or impossible to untangle. It would probably be desirable to include data on Federal government dam construction in the states if such data were available, since this reflects a productive activity which may be paid for in part by nonresidents of Oregon and Washington. Several tens of millions of dollars may have been involved. However, the entire capital account for state balance of payments is so difficult to handle, that it may be better to confine analysis to current products, as has been done here.

[7] Selma Mushkin, *Illustrative Estimates of Federal Expenditures and Revenues, by States.* U. S. Department of Health, Education and Welfare, 1956.

The author has played with such export and import figures for a long time and has never come up with a really whopper of a misrepresentation. He believes that the figures are correct within 15 per cent. He probably lies worse than that in everyday life.

Record Growth of U.S. Foreign Investments Reported

United States private investments abroad rose by the unprecedented amount of nearly $4 billion in 1956 to a year-end total of $33 billion. American parent companies added $2.8 billion to their direct investments abroad as a result of the sustained rise in world demand for manufactures and raw materials and to provide for anticipated future demands. At the same time, United States financial institutions and other private investors supplied short-and long-term loans and credits totaling over $1 billion.

The increase in direct investments was more than $1 billion greater than the previous record increase in 1952, and the outflow of other private capital was somewhat larger than the previous highs in 1927 and 1928. The combined total exceeded any prewar year, even in real terms.

In the first half of this year the value of direct investments rose by about $1.5 billion, and extensive further investments are planned by the parent companies. Other types of private capital movements are subject to more fluctuation, but the continued relatively high yields on capital employed in foreign countries suggest that the net outflow of about $0.7 billion during the first half of this year will be well sustained in the second half. Thus, the 1957 expansion of foreign investments is expected to be of the same general magnitude as last year's high.

The remarkable rise in capital outflows from the United States in 1956 and 1957 has been a major source of financing for our record exports, which in turn have bolstered the United States economy. Some of the direct investment outflows covered the export of capital goods and other materials to United States-owned foreign enterprises. An unusually large part of the direct investments, however, together with the other private capital outflows, provided liquid dollar resources for the use of foreign countries. The increased capital outflow to foreign countries, despite the persistent demand for capital in the United States, suggests that investors regard foreign investments more favorably than in the earlier portwar period.

While private foreign investments increased last year, earnings also were growing, but at a much slower rate. Total earnings on private investments were $3.4 billion in 1956, compared with $3.1 billion in 1955. Direct investments earned $3.1 billion, an increase of nearly $300 million over the previous year. About one-third of the increase represented larger undistributed profits of foreign subsidiaries, which totaled $1 billion in 1956 and were a major factor in financing the expansion of the investments.

Last year's upsurge of United States direct investments abroad extended into nearly every part of the free world, and across a broad range of industries. Most noteworthy, however, was the sharp rise in petroleum investments, which increased by $1.4 billion in the year to a total book value of $7.2 billion at the end of 1956. Manufacturing investments also increased by a record $740 million, while other industries such as mining and smelting and public utilities tended upward from their relatively slow rate of growth in the past few years.—*Survey of Current Business*, Aug. 1957.

In the second quarter of this year, total personal income in the United States reached an all-time high of some $342 billion (seasonally adjusted, annual rate). This was 5 per cent above the level of the comparable period last year. Out of this income, the American people paid nearly $43 billion in taxes and spent $278 billion for goods and services, leaving $22 billion as personal savings. Although savings were one billion higher than in the second quarter of 1956, as a per cent of disposable income, they were about the same as a year ago.

CURRENT BUSINESS TRENDS IN OREGON

Life-Insurance Sales. During July 1957 sales of ordinary life insurance in Oregon (excluding industrial life insurance, group and wholesale sales under new contract, renewals, dividend additions, etc.) were 5.2 per cent ($1,621,000) higher than in June 1957 and 13 per cent higher than in July 1956. The national figures showed a 1.1 per cent increase in comparison with June 1957 and a 25 per cent increase in comparison with July 1956.

Department-Store Sales. The only retail sales indicater for Oregon is the sales of department stores in Portland, a series which is computed by the Federal Reserve Bank of San Francisco. The percentage of dollar sales volume for periods ending September 7, 1957, as compared with the same periods a year ago, for Portland and other Pacific Coast cities is shown below:

	Week Ending Sept. 7, 1957	*Four Weeks Ending Sept. 7, 1957*	*Calendar Year to Sept. 7, 1957*
Portland	+6	−5	−1
Los Angeles	−6	−4	+1
San Francisco Bay	−6	−1	−1
Seattle	+2	+3	+1
United States	+1	+2	+2

Business Failures. Dun and Bradstreet's series showing commercial failures is frequently considered an indicator of business health. Figures for Oregon are given below:

	1596		*1957*	
	Number	*Liabilities*	*Number*	*Liabilities*
Jan.	13	$ 421,000	36	$ 908,000
Feb.	7	1,234,000	32	1,252,000
Mar.	13	1,257,000	33	735,000
Apr.	13	604,000	37	1,516,000
May	21	365,000	31	523,000
June	30	593,000	42	1,637,000
July	17	534,000	37	1,465,000
Aug.	40	1,046,000	....	1,024,000
Sept.	22	504,000	....	.....
Oct.	37	3,202,000	....	.....
Nov.	25	674,000	....	.....
Dec.	44	882,000	....	.....

Construction. The Bureau of Business Research, in cooperation with the F. W. Dodge Corporation, reports that July 1957 construction contracts in Oregon amounted to $35,600,000, a third lower than the preceding month. Comparative data in thousands of dollars follow:

	June 1957	*July 1957*
Nonresidential	$ 9,936	$14,792
Residential	13,637	9,370
Public works & utilities	29,444	11,438
	$53,017	$35,600

The decrease was due largely to a $20,572,000 dam in Lane County included in the June program.

The nonresidential construction involved 1,361,000 square feet in July 1957 and 782,000 square feet in June. The 715 residential units for which contracts were made in July involved 919,000 square feet, while in June the figure was 1,241,000 square feet for 617 units. During the first seven months of 1957, the value of building contracts in Oregon (excluding public works and utilities was almost identical with the same period in 1956. For the eleven Western states (again excluding public works and utilities) the cumulative total was down 7 per cent; and for the United States it was up 1 per cent.

CURRENT BUSINESS TRENDS IN OREGON

Lumber. Although lumber production in the Douglas fir region of the Pacific Northwest increased in August 1957 as compared to July, it was 11 per cent below the level of a year ago. The decline in August orders compared to those of July has been disappointing, since there was a mild increase in housing starts over the country during August. The general market conditions for lumber remain unsatisfactory.

	Aug. 1957	*July. 1957*	*Aug. 1956*
Average weekly production	160,034	134,843	180,344
Average weekly orders	146,270	147,502	163,500
Unfilled orders, end of month	545,873	619,523	565,820
Lumber inventory, end of month	1,011,021	1,024,107	956,293

Index of Man Hours in Manufacturing. One of the best indicators showing changes in manufacturing activity is the man hours of industrial production workers. These figures apply only to personnel engaged in direct manufacturing activities; sales, office, and general administrative employees are excluded. The index is derived by the Bureau of Business Research from data supplied by the Oregon Unemployment Compensation Commission. The most recent reading covers the month of August 1957. (No adjustment for seasonal variation has been made. 1951 = 100.)

	1956	*1957*		*1956*	*1957*
Jan.	84.1	78.6	July	107.3	95.4
Feb.	84.2	78.9	Aug.	113.6	101.8
Mar.	84.1	78.8	Sept.	108.7	----
April	93.4	85.0	Oct.	99.8	----
May	96.6	92.2	Nov.	91.7	----
June	107.1	99.8	Dec.	84.1	----

Employment. The number of nonagricultural workers in Oregon increased 1.0 per cent (5,200) between mid-July and mid-August 1957. This compares with an increase of 1.8 per cent during the same period last year. The largest gains this year were in canning and preserving (3,600), retail trade (900), and contract construction (800). There was a slight decrease in lumber and wood products (500) due to strikes, and also in transportation (200). The overall change between mid-August 1956 and mid-August 1957 was a decrease of 1.9 per cent. More detailed figures from the Oregon State Unemployment Compensation Commission follow:

	Aug. 1957	*July 1957*	*Aug. 1956*
Lumber & wood products	80,200	80,700	91,800
Food & kindred products	25,600	21,900	25,900
Other manufacturing	47,200	47,000	48,800
Total manufacturing	153,000	149,600	166,500
Contract construction	28,000	27,200	28,700
Retail trade	86,700	85,800	85,400
Government	79,700	79,600	76,500
Other nonmanufacturing	163,600	163,600	163,900
Total nonmanufacturing	358,000	356,200	354,500
Total nonagricultural employment	511,000	505,800	521,000

Multnomah County Real-Estate Transactions. During August 1957 there were 996 real-estate sales amounting to $10,637,831 in Multnomah County. Of these, 749 involved residences, the sales price of which was $7,775,366; 176 were vacant properties, $811,313; and 71 were business properties, $2,051,152. Additional figures are:

	Aug. 1957	*July 1957*	*Aug. 1956*
Number of sales	996	1,067	1,122
Value of sales	$10,637,831	$11,607,829	$12,156,966
Number of mortgages	912	851	1,030
Amount loaned	$10,727,233	$8,277,685	$9,580,827
Number of sheriff's deeds	3	2	3
Amount of sheriff's deeds	$13,110	$ 9,965	$ 6,037
Average residential selling price	$10,381	$11,059	$11,007

BANK DEBITS

Bank debits represent the dollar value of checks drawn against the deposit accounts of individuals and business firms. Bank [illegible] regarded as good indicators of current business activity, although their value for this purpose may be impaired by the inclusion of large checks arising out of transactions in funds for the purchase of certain types of capital assets that do not constitute "business activity." The Bureau of Business Research collects bank debits from 166 banks and branches monthly.

Economic Areas	*Number of Banks Reporting*	*Debits Aug. 1957*	*Debits July 1957*	*Debits Aug. 1956*	*August 1957 Compared with July 1956*	*Aug. 1956*
Oregon	166	$1,781,062,648	$1,691,195,720	$2,273,923,210	+ 5.3	—21.7
Portland area (Multnomah, Washington, Clackamas, Columbia counties)	53	1,130,619,628	1,077,481,838	1,588,757,270	+ 4.9	—28.8
Mid-Willamette Valley (Benton, Linn, Marion, Polk, Yamhill counties)	35	199,006,525	187,201,308	204,069,423	+ 6.3	— 2.5
North Oregon Coast (Clatsop, Lincoln, Tillamook counties)	10	35,893,961	35,360,883	38,605,584	+ 1.5	— 7.0
West Central Oregon (Douglas, Lane, Coos counties)	18	157,447,093	154,065,603	168,005,778	+ 2.2	— 6.3
Southwestern Oregon (Curry, Jackson, Josephine counties)	11	75,748,901	72,991,329	101,366,926	+ 3.8	—25.3
Upper Columbia River (Gilliam, Wasco, Wheeler, Hood River, Sherman counties)	9	29,778,623	26,819,208	28,417,597	+11.0	+ 4.8
Pendleton area (Umatilla, Morrow counties)	8	42,117,971	36,522,456	34,169,548	+15.3	+23.3
Central Oregon (Deschutes, Crook, Jefferson counties)	5	26,360,338	24,140,366	26,464,856	+ 9.2	— 0.4
Klamath Falls area (Klamath, Lake counties)	5	34,654,226	33,457,740	36,856,507	+ 3.6	— 6.0
Baker area (Baker, Wallowa, Grant, Union counties)	6	27,961,626	23,656,170	27,022,707	+18.2	+ 3.5
Burns area (Harney, Malheur counties)	5	21,473,756	19,498,819	20,187,014	+10.1	+ 6.4

BUILDING PERMITS

Building permits give an indication of building operations planned rather than actual construction under way. Care must be taken in interpreting these data to allow for the lag which may elapse between the issuance of the permit and the beginning of actual construction. The data have been collected by the Bureau of Business Research.

	New Residential Aug. 1957	*New Non-residential Aug. 1957*	*Additions, Alterations & Repairs Aug. 1957*	*Totals Aug. 1957*	*Totals July 1957*	*Totals Aug. 1956*
Albany	$ 64,000	$ 34,000	$ 23,500	$ 121,500	$ 79,900	$ 229,312
Baker	45,500	16,210	84,225	145,935	67,080	29,682
Bend	56,000	350	28,524	84,874	482,525	112,030
Coos Bay	33,500	31,625	118,095	183,220	138,850	197,195
Corvallis	163,000	155,680	29,725	348,405	343,385	318,101
Eugene	263,285	63,200	81,499	407,984	480,336	1,681,738
Grants Pass	13,700	4,300	7,420	25,420	108,500	105,175
Hillsboro	31,500	18,500	8,015	58,015	167,366	54,775
Klamath Falls	27,750	81,000	176,422	285,172	148,325	409,999
McMinnville	23,000	500	4,200	27,700	27,500	86,590
Medford	104,000	20,000	72,640	196,640	216,069	151,911
North Bend	223,620	----	9,739	233,359	47,794	1,143,564
Pendleton	32,500	----	41,265	73,765	139,150	293,590
Portland	1,072,950	2,134,565	935,590	4,143,105	4,377,650	3,868,195
Roseburg	22,500	5,000	28,340	55,840	620,331	45,870
Salem	182,130	20,400	609,596	812,126	160,940	870,667
Springfield	11,000	----	48,875	59,875	212,430	194,682
The Dalles	13,700	1,400	11,600	26,700	72,800	78,100
Lane County	337,934	1,395,586	57,184	1,790,704	1,018,813	791,990
Multnomah County	1,349,275	199,370	141,715	1,690,360	2,515,370	2,155,904
Wasco County	26,000	700	3,100	29,800	12,700	91,720
46 other communities	557,930	1,116,753	417,911	2,092,594	1,753,150	2,964,404
Total	$4,654,774	$5,299,139	$2,939,180	$12,893,093	$13,190,964	$15,876,194